



# **Mental Health Service Act Housing Program**

## **MHSA 5<sup>th</sup> YEAR ANNIVERSARY OF THE HOUSING PROGRAM**

Housing California  
April 17, 2013

# Features of Permanent Supportive Housing

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## **Flexible Services**

- Participation in a “program” is not a condition of residency
- Services are designed project by project for the target population and the housing setting
- Services are flexible and responsive to individual needs

## **Cost Effective**

- Costs no more, and often much less, than the cost of homelessness and produces better outcomes than the expensive system of crisis care

# Services Make the Difference

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- Flexible, voluntary
- Counseling
- Health and mental health
- Alcohol and substance use
- Independent living skills
- Community building
- Vocational counseling and job placement



# Five Core Elements of Any Supportive Housing Project



# County MHSA Housing Needs

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- County is the “client”
- Customized Housing TA plan - respond to local needs, planning to maximize resources and address challenges

# MHSA Housing Program Overview

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- Total affordable housing units 10,615
- Total MHSA units 2,340
- Total MHSA Housing Dollars \$255,276,370
- Total Development Dollars Leveraged \$2.6 Billion

# MHSA Housing Program Update

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- 926 MHSA units open/occupied
- 1,010 MHSA units approved/loans closed
- 404 MHSA units in the pipeline
- 40 additional applications for projects are anticipated to be submitted in 2013

# MHSA Housing Program Update

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- 39 counties have remaining fund balances available for commitments, totaling \$200M+  
*(ranging ~\$90,000 to ~\$15M)*
- 3 counties have allocated additional Housing Program funds from CSS
- 4 counties are planning to allocate additional Housing Program funds from CSS



# Counties with Fund Balances

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- Alameda
- Amador
- Butte
- Calaveras
- Colusa
- Contra Costa
- Del Norte
- El Dorado
- Fresno
- Kern
- Lake
- Lassen
- Los Angeles
- Marin
- Mendocino
- Orange
- Placer
- Riverside
- Sacramento
- San Benito
- San Bernardino
- San Diego
- San Joaquin
- San Mateo
- Santa Barbara
- Santa Clara
- Santa Cruz
- Shasta
- Siskiyou
- Solano
- Stanislaus
- Sutter/Yuba
- Tehama
- Tri-City
- Tulare
- Yolo

# CalHFA Video Project

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- Purpose:  
Produce a video to highlight the program's successes and the benefits for continuing funding for affordable permanent supportive housing
- Who we spoke with
- What we heard
- What we felt
- Next steps
- [Video](#) (visit [HousingMatterSD.org](http://HousingMatterSD.org) to view this and other terrific videos)

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# **Memorandum of Understanding and Supportive Services Budget**

# Memorandum of Understanding (MOU)

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- Provides a clear understanding of the responsibilities of each party involved with the Development.
- Must include the Developer, Property Manager, Service Provider, and County Mental Health.
- Final MOU required 120 days prior to Certificate of Occupancy.
- NOBODY can move into MHSA units without this!

# Supportive Services Budget and Narrative

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- Provides the funding for the supportive services necessary to keep MHSA tenants housed.
- Must be reflective of the approved services plan (Section D).
- Includes On-site Staff/Client ratio and service cost per unit per year.
- Signed by County Mental Health, Primary Service Provider, and Developer.
- Required 120 days prior to Certificate of Occupancy and Annually thereafter.

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# Capitalized Operating Subsidy Reserve (COSR)

# MHSA Capitalized Operating Subsidy Reserve

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- CalHFA has determined final COSR amount; goal is for subsidy to last 20 years.
- Other subsidies must be applied for on an annual basis and used first, if available.
- MHSA COSR is capitalized at loan close and held by CalHFA
- For the benefit of the MHSA resident.

# MHSA Capitalized Operating Subsidy Reserve

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- Eligible costs:
  - Only the approved operating costs of MHSA Housing Program units;
  - The proportional share of the resident manager's unit, may be subsidized with capitalized operating subsidies;
  - The annual servicing fee of 0.42% attributable to the MHSA capitalized operating subsidy units, and a proportionate share of the to the manager's unit.



# MHSA Capitalized Operating Subsidy Reserve

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- Other eligible costs may be payable, if funds are available:
  - HCD Multifamily Housing Program (MHP) loan, the 0.42 percent required annual interest payment;
  - Annual bond issuance fees;
  - Reasonable Asset Management Fees and Partnership Management Fees;
  - An annual Operating Reserve deposit;
  - Approved deferred developer fees;
  - Service coordinator salaries and benefits attributable to the COSR units.

# MHSA Capitalized Operating Subsidy Reserve

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- Ineligible costs:
  - Non-MHSA Housing Program unit costs,
  - Supportive Services,
  - Amortized Debt Service
  - Ground Lease
  - Residual Receipts Payments
  - Distributions
  - Excessive Asset/Partnership Management Fees


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# MHSA Asset Management Requirements

# MHSA Rental Housing Requirements

## MHSA Welcome Letter – Rental

State of California


 **California Housing Finance Agency**


Re: MHSA Rental Housing Requirements  
CalHFA Project: CalHFA No.

Dear :

The California Housing Finance Agency, Asset Management, would like to welcome you and take this opportunity to summarize a number of important reporting requirements, time frames, and other items associated with this property.

- 1. Annual Operating Budget:** The Agency requires that an operating budget be prepared annually. The budget is due 60 days prior to the beginning of the fiscal year.
- 2. Annual Supportive Service Budget:** Submitted with Annual Operating Budget. Must be approved by the County Department of Mental Health (County DMH). Submit also to the Department of Health Care Services (DHCS).
- 3. Audited Financial Statements:** Annual audits are required (unless project has less than 25 total units). Audited financial statements are to be submitted to your Asset Manager and are due no later than 90 days after the end of the fiscal year ( ).
- 4. Annual Self-Certification Form:** Submitted with annual audit. Submit also to the County DMH and DHCS.
- 5. Capitalized Operating Subsidy Reserve (COSR) Request:** After the MHSA loan closing, and after you have received a Certificate of Occupancy or recorded the Notice of Completion for the project, contact your CalHFA Loan Officer when you are ready to start the process for the first COSR. Contact your Asset Manager for the second COSR and all requests thereafter.
- 6. Physical Inspections:** Inspections of the property will be performed by a CalHFA building inspector assigned to the property. A notification will be sent to you 30 days prior to each inspection. Inspections are conducted every three years or more often if needed, and include interior and exterior building components. Forward any other lender's inspection report to your Asset Manager.
- 7. Property and Liability Insurance Certificates:** Current certificates are required to be kept on file. Certify on the Annual Self-Certification Form that insurance is current.
- 8. Executed Management Contract:** A current executed management contract is required to be kept on file. CalHFA must approve any change in management agent so please notify your Asset Manager of an impending change.

 **Sacramento Headquarters**  
P.O. Box 4034  
Sacramento, CA 95812  
(916) 326-8000

 **Los Angeles Office**  
100 Corporate Pointe, Suite 250  
Culver City, CA 90230  
(310) 342-1250

[www.calhfa.ca.gov](http://www.calhfa.ca.gov)

**9. Monthly Financial Statements:** Monthly financial statements may be required by your Asset Manager. If required, please submit by the 20<sup>th</sup> of each month for the preceding month.

Please refer to our website ([calhfa.ca.gov](http://calhfa.ca.gov)) for forms and additional information. Please do not hesitate to contact the following asset management staff assigned to your development:

Asset Manager:  
Building Inspector:

We trust we have embarked on a mutually beneficial relationship and hope you will view our involvement as a partnership for the benefit of the development and the residents.


Sincerely,

Enclosures

# MHSA Rental Housing Requirements

## MHSA Welcome Letter – Shared

State of California


 California Housing Finance Agency


Re: MHSA Shared Housing Requirements  
CalHFA Project: CalHFA No.

Dear :

The California Housing Finance Agency, Asset Management, would like to welcome you and take this opportunity to summarize a number of important reporting requirements, time frames, and other items associated with this property.

- 1. Annual Operating Budget:** The Agency requires that an Annual Operating Budget be prepared annually. The budget is due 60 days prior to the beginning of the fiscal year.
- 2. Annual Supportive Service Budget:** Submitted with Annual Operating Budget. Must be approved by the County Department of Mental Health (County DMH). Submit also to the Department of Health Care Services (DHCS).
- 3. End of Year Financials:** End of year financials are to be submitted to your Asset Manager and are due no later than 30 days after the end of the fiscal year ( ).
- 4. Annual Self-Certification Form:** Submitted with end of year financials. Submit also to the County DMH and DHCS.
- 5. Capitalized Operating Subsidy Reserve (COSR) Request:** After the MHSA loan closing, and after you have received a Certificate of Occupancy or recorded the Notice of Completion for the project, contact your CalHFA Loan Officer when you are ready to start the process for the first COSR. Contact your Asset Manager for the second COSR and all requests thereafter.
- 6. Physical Inspections:** Inspections of the property will be performed by a CalHFA building inspector assigned to the property. A notification will be sent to you 30 days prior to each inspection. Inspections are conducted annually or more often if needed, and include interior and exterior building components.
- 7. Property and Liability Insurance Certificates:** Current certificates are required annually to be submitted.
- 8. Executed Management Contract:** A current executed management contract is required to be kept on file. CalHFA must approve any change in management agent so please notify your Asset Manager of an impending change.

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Please refer to our website ([calhfa.ca.gov](http://calhfa.ca.gov)) for forms and additional information. Please do not hesitate to contact the following asset management staff assigned to your development:

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Sincerely,

Enclosures

# MHSA Request for Disbursement - COSR

## MHSA Housing Program Requisition for Disbursement of Ongoing Capitalized Operating Subsidy Reserve Funds

California Housing Finance Agency (CalHFA)  
and Department of Mental Health (DMH)

Project Name:		Fiscal Year	
CalHFA Development No.:		End: _____	
Property Address (include city, state and ZIP code):		Year ____: Covers Period from _____ to _____	
Total number of MHSA Housing Units for which Capitalized Operating Subsidy Reserve is available (COSR MHSA Housing Units)			
Total number of Units in the Development: _____			
This is a request for the release of the following amounts from the Capitalized Operating Subsidy Reserve:			
Purpose:		Amount:	
<b>Total:</b>			
The undersigned owner/management agent hereby requests that CalHFA disburse funds as provided by the Capitalized Operating Subsidy Reserve Agreement and MHSA Regulatory Agreement heretofore executed on the _____ day of _____, 20____, as shown in this Requisition for Disbursement.			
To the best of our knowledge, information and belief, the sum requested is required as Capitalized Operating Subsidy Reserve assistance. The undersigned hereby certifies that the fund will be used to cover the shortfall in Operating Expenses for the COSR MHSA Housing Units.			
Owner/Management Agent:	Signature of Authorized Owner/Agent Official:		Date:
For CalHFA Use Only:			
CalHFA Asset Manager:	Signature of Asset Manager:	Date:	Approved Amount:
			\$ _____

# Internal MHSA Streamlining

(If MHSA is Junior Lien Holder)

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## Asset Management

- ◉ Insurance
- ◉ Property Inspection

## Multifamily

- ◉ Appraisal
- ◉ Insurance
- ◉ Due Diligence
- ◉ Phase I Reliance Letter

## Legal

- ◉ Legal Opinion Requirement
- ◉ Article 34 Opinion
- ◉ Construction Contract Filing
- ◉ Lease Rider

# How do I find the MHSA Housing Program?

## California Housing Finance Agency (CalHFA)

Nanette Guevara

Lead MHSA Housing Program Finance Officer

916.326.8813

[nguevara@calhfa.ca.gov](mailto:nguevara@calhfa.ca.gov)

[www.calhfa.ca.gov/multifamily/mhsa](http://www.calhfa.ca.gov/multifamily/mhsa)

Tom Armstrong

Asset Manager

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## CSH

Simonne Ruff

Director

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Steven Shum

Senior Program Manager

510.318.2267

[steven.shum@csh.org](mailto:steven.shum@csh.org)

## Department of Health Care Services (DHCS)

Jess Cortez

916.440.7484

[Jess.Cortez@dhcs.ca.gov](mailto:Jess.Cortez@dhcs.ca.gov)

[www.dhcs.ca.gov/services/MH/Pages/MHSAHousing](http://www.dhcs.ca.gov/services/MH/Pages/MHSAHousing)